

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED TARIFF FILING OF)
KENTUCKY-AMERICAN WATER COMPANY) CASE NO. 97-178

O R D E R

On March 25, 1997, Kentucky-American Water Company ("Kentucky-American") applied to the Commission for approval of the methodology which it will use to recover Kentucky River Authority ("KRA") withdrawal fees. The Commission has previously approved a revision to Kentucky-American's Service Classification No. 6 Tariff to permit its bills to show, as a separate item, an amount equal to the proportionate part of KRA withdrawal fees.¹ On June 9, 1994, the Commission issued an Order allowing Kentucky-American to recover the KRA withdrawal fees for water sold and for unaccounted for water.²

On March 27, 1997, Kentucky-American applied to the Commission for approval to adjust its withdrawal fee from \$.04967 to \$.03373 per 1,000 gallons based on the estimated amount of water to be withdrawn from the Kentucky River and transferred to its Jacobson Reservoir during 1997.³

¹ Case No. 92-452, Notice of Adjustment of the Rates of Kentucky-American Water Company (November 19, 1993) at 49.

² Case No. 94-194, The Proposed Tariff Filing of Kentucky-American Water Company (June 9, 1994).

³ \$419,985 (estimated KRA withdrawal fee) divided by 12,452,809,000 gallons (estimated water sold) equals \$.03373 per 1,000 gallons.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

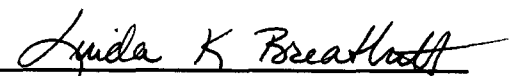
1. Kentucky-American's proposed adjustment should be approved.
2. Kentucky-American should maintain records of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.
3. Any over- or under-recovery of such fees shall be addressed in Kentucky-American's next rate case.

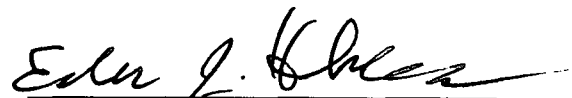
IT IS THEREFORE ORDERED that:


1. Effective April 15, 1997, Kentucky-American is authorized to charge a rate of \$.03373 per 1,000 gallons of water under its Service Classification No. 6 Tariff for KRA withdrawal fees.
2. Kentucky-American shall maintain a record of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.
3. Kentucky-American shall advise the Commission of any change or revision in KRA withdrawal fees.

Done at Frankfort, Kentucky, this 24th day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director